

**IOWA RACING AND GAMING COMMISSION  
MINUTES  
OCTOBER 13, 2016**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, October 13, 2016 at the Rhythm City Casino, LLC in Davenport, Iowa. Commission members present were Rich Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich and Jeff Lamberti. Commissioner Dolores Mertz was absent.

Chair Arnold called the meeting to order at 8:30 AM. He thanked Mo Hyder, General Manager; Dan Kehl, President of Elite Casinos; and Ken Bonnet, CFO, for the tour of the facility. He requested a motion to approve the agenda, with the following amendments: Item 6 is withdrawn; and Isle of Capri Marquette, Inc. d/b/a/ Lady Luck Casino Marquette (LLCM) pulled the following contracts from the agenda: Bemiss Distributing Company Inc.; Kronos Incorporated; Micros Fidelio Worldwide, LLC; and Per Mar Security as they do not require Commission approval. Commissioner Heinrich moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the Welcome. Mr. Hyder welcomed the Commission to the Davenport/Quad Cities area. He introduced Mayor Frank Klipsch. Mayor Klipsch stated he is excited about the new facility as it serves the entire Quad City region, but is also bringing in visitors from outside the region. He noted the facility is serving as an economic engine as more and more entities are contacting the city about developing or moving businesses into the area surrounding the facility. Mayor Klipsch stated he previously served as the Chief Executive Officer (CEO) of the local YMCA, which was the beneficiary of proceeds from the Riverboat Development Authority (RDA). He advised the funds distributed by RDA have made a tremendous difference in the community.

Mr. Hyder introduced Frank Clark, Chairman and the interim CEO of RDA. Mr. Clark thanked everyone involved in the process of getting the new land-based facility as they have already seen an impact at the RDA and he expects better things in the future. He assured the Commission that business is proceeding as usual at RDA following the recent death of the CEO. Mr. Clark noted they are in the middle of a grant cycle, and will start their search for a new CEO soon.

Chair Arnold moved to the approval of the minutes. Commissioner Kramer moved to approve the minutes from the August 18, 2016 Commission meeting as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko provided the following information regarding future Commission meetings:

- November 17, 2016 – Honey Creek Resort, Moravia (Submissions due by November 2, 2016)
- December – No Meeting

- January 5, 2017 – Isle Casino Hotel Waterloo, Waterloo (Submissions due by December 21, 2016)
- February – No Meeting
- March 7, 2017 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by February 21, 2017)

Mr. Ohorilko recognized the following Commission staff members: Stan McClellan and Dan Martens, Gaming Representatives assigned to Rhythm City; Debbie Douglas, Licensing Assistant; and Stu Hoover, Gaming Representative assigned to IOC Bettendorf.

Chair Arnold moved to the rules submitted for review under Notice of Intended Action, and called on Mr. Ohorilko, who advised there were 18 items. These items are a result of staff's annual review of the rules. Items one and two will clean up antiquated language; item three clarifies a requirement for horse racetracks; item four clarifies the acceptance of all checks; item five allows for mobile pari-mutuel devices; item 6 updates old language; item 7 adds a specific circumstance to grounds for license suspension; item 8 updates old language; items 9-14 are the result of the Racing Task Force and clarify existing rules or circumstances; items 15 and 17 address the funding mechanism for Wide Area Progressive jackpots; and items 16 and 18 allow for pre-verified cards in gambling games. Mr. Ohorilko stated the rules were submitted to the stakeholders prior to coming before the Commission. He requested the Commission's approval of the rules submitted under Notice of Intended Action.

Hearing no comments or questions concerning the proposed rules, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the rules submitted under Notice of Intended Action. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the rules submitted under Final Adopt. Mr. Ohorilko stated these rules were the result of 2016 legislation and include procedures related to the promotional tax credit. He noted these rules were before the Commission at the August meeting. Since that time, there was a public hearing and staff presented to the Administrative Rules Review committee. No comments were received at either meeting. Mr. Ohorilko requested approval.

Hearing no comments or questions concerning the rules submitted for final adoption, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the final adoption of the rules. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Catfish Bend Casinos II, LLC (CBC) regarding their application for debt financing. Gary Hoyer, CEO for Great River Entertainment (GRE), the parent company for CBC, advised he had distributed photos of what they hope to achieve with the restructure and refinance package. The restructure component includes adding a new holding company in the organizational chart, which would become effective upon closing. A new company will become the borrower in a Master Loan Agreement, which would house the debt for both The Pzazz operation and the Illinois operation. As part of the project, they are proposing to add a new Hampton Inn & Suites at the facility. This would be an 86-room, 6-story new hotel facility located at the current porte-cochere. The Hampton would be connected with the casino and other

spaces housed in The Pzazz funplex on the north end. The Hampton would then become the “front door”. The primary casino entrance would be moved to the south, and a second casino tower would be added. Mr. Hoyer advised they are also adding a Panera Bread and Cold Stone Creamery, and one other space that has not been announced along the Roosevelt Avenue corridor. They feel these options will add to their entertainment options and enhance the overall facility. The grassy area in front of the facility will be turned into approximately 160 parking spaces. Mr. Hoyer stated the Hampton will help attract the mid-week business traveler, a segment that has been missing from the property. They believe this will help the casino and restaurants.

Mr. Hoyer advised the debt restructuring will take the Illinois operation and blend the 80% ownership level into the new FundCo ownership structure, and will be buying out some of the current partners’ remaining interests. The loan package is syndicated by US Bank, and has been filled with funds from Capital One, Mutual of Omaha Bank, Bankers Trust, and a small southeast Iowa bank, Connection Bank. The refinancing is needed to do the aforementioned amenities, and the current loans at The Pzazz and in Illinois. By combining them into one loan facility, GRE was able to significantly improve the interest rates. The loan will be a \$100 million debt facility, 80/20 between term and a revolver and will have a variable interest rate starting at 300 points over LIBOR initially, and will change based on total leverage. Mr. Hoyer stated the loan would be cross-collateralized and the term loan will amortize at 7½% -7½%-10%-10%-10% over the term of the 5-year loan.

Hearing no comments or questions concerning the debt financing, Chair Arnold called for a motion. Commissioner Lamberti stated he was happy to see GRE investing in the facility, and moved to approve the debt financing. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar) regarding their request to remodel the facility. Monty Terhune, General Manager, stated they are requesting approval to remodel some space on the second level. The exterior wall would be moved out, which will add approximately 2,200 square feet allowing them to add about 77 slot machines. He stated the proposed expansion would cost approximately \$5 million and take just under six months to complete. Mr. Terhune stated guest impact would be minimal due to a construction wall, and they would only need to remove 4-8 slot machines during construction. He stated this project would help compensate for an aisle-widening project which resulted in about 100 slot machines being removed from the floor. He noted the facility is unable to meet patron demand during peak times with the loss of those machines.

Hearing no comments or questions regarding the remodeling project, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the remodeling project as submitted by Ameristar. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold moved to the contract portion of the agenda and called on Ameristar. Mr. Terhune presented the following contracts for Commission approval:

- Baltic Linen – Hotel Linens
- Alcoholic Beverage Division (ABD) – Alcoholic Beverages and Licensing
- Agilysys NV, LLC – IT Support and Software
- AJR Equities, Inc. – Marketing Promotional Items
- CCE MW – West (Coca Cola) – Soft Drinks, Equipment and Supplies
- Council Bluffs Hotel Association – Hotel Rooms for Overflow Guests
- Data Business Equipment – Cage and Count Room Equipment
- Day Electric Services Inc. – Electrical System Maintenance
- Doll Distributing – Beer Inventory and Services
- Edward Don & Company – Operating Supplies and Equipment
- Farner-Bocken Company – Food Service Supplies
- Gary Platt Manufacturing – Casino Chairs and Slot Stools
- Global Payments Gaming Services – Check Cashing Guaranty Services
- Global Surveillance – Digital Surveillance Equipment
- Haworth Marketing + Media – Media Agency
- Johnson Brothers Wine Co. – Wine
- Markel BMW – Promotional Items
- McMullen Ford – Vehicle Maintenance and Repair
- Nebraska Furniture Mart – Furniture
- Newt Marine Service – Harbor Maintenance and Slip Dredging
- Otis Elevator – Elevator Maintenance
- Prairie Mechanical Corporation – Kitchen and HVAC Maintenance
- Premier Midwest Beverage – Alcoholic Beverages
- VSR Industries Inc. – Gaming Supplies and Equipment
- Woodhouse Ford – Marketing Promotional Items (Car Give-Aways)

Chair Arnold noted they had submitted contracts with 9 out-of-state vendors. He pointed out the Commission has rules in place regarding the use of Iowa vendors and expressed concern over the high number of out-of-state vendors. Hearing no further comments or questions, he requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Ameristar. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on LLCM. Nancy Ballenger, General Manager for Isle of Capri Bettendorf, presented the following contracts for Commission approval on behalf of LLCM:

- Mediacom, LLC – TV and Wireless Services
- Tech Art Incorporated – Card Peekers

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by LLCM. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino (Lakeside). Bob Thursby, General Manager, presented the following contracts for Commission approval:

- Core-Mark International, Inc. – Purchase Candy, Food, Tobacco, and Supplies
- Crawford Law Firm, PC – Legal Services
- Flynn Wright, Inc. – Marketing Services
- Loffredo Fresh Produce – Purchase of Produce
- Martin Brothers Distributing Co. – Purchase of Food Products and Supplies
- Metro Fish, LLC – Purchase of Seafood
- Pepsi Cola General Bottlers, Inc. – Purchase of Pepsi Products
- Principal Financial Group – 401K for Employees
- Reinhart Food Service, LLC – Purchase of Food and Supplies
- Sysco Iowa, Inc. – Purchase of Food and Supplies
- US Foodservice – Purchase of Food and Supplies

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Lakeside. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Harveys Iowa Management, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel (Harrah's). Janae Sternberg, Director of Finance, presented the following contracts for Commission approval:

- Harrah's Operating Company, Inc. – Rental Agreement between Harrah's Casino & Harrah's Operating Company, Inc. (RP)
- Harrah's Iowa Arena Management, LLC – Management of Mid America Center (RP)
- Caesar's Entertainment Operating Company – Inter-Company Allocations and Benefit Expenses (RP)

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by Harrah's. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Dubuque Racing Association, Ltd. (DRA). Jesús Avilés, President of DRA, presented a contract with American Trust & Savings Bank for the refinancing of an existing loan to obtain a better interest rate.

Hearing no comments or questions concerning the contract, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contract as submitted by DRA. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on SCE Partners, LLC d/b/a Hard Rock Hotel and Casino Sioux City (HRHCSC). Todd Moyer, General Manager, presented the following contracts for Commission approval:

- JLT Specialty Insurance Services, Inc. – Insurance Services
- Jones Family Farms, LLC d/b/a Claussen's Nursery – Property Maintenance Agreement
- W. A. Klinger – General Contractor for Construction Project

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by HRHCSC. Commissioner Heinrich seconded the motion, which carried unanimously.

Commissioner Heinrich asked about the recently approved expansion. Mr. Moyer advised that construction has started, and is on schedule to open in May 2017.

Chair Arnold called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- AJR Equities – Event Merchandise Giveaways; Marketing Promotions
- Coca-Cola – Purchase of Beverage Products for Casino, Restaurants, and Convenience Store
- The Dimensional Group – Direct Mail Printing Services
- Fairway Outdoor Advertising – Billboard Advertising in Minnesota
- United Beverage, LLC – Purchase of Alcoholic Beverages for Casino and Convenience Store
- Wess, Inc. – Fuel Delivery for Convenience Store

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DJW. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton (WRC). Steve Nauman, General Manager, presented the following contracts for Commission approval:

- Accident Fund Insurance Co. – Workman's Compensation via Holmes Murphy
- G. Baker Distributing – Beverages and Beverage Products
- Gander Group d/b/a Bangarang Enterprises – Purchase Promotional Gifts and Giveaways for Patrons
- Holmes Murphy – Insurance Provider and Broker
- Imagine This – Purchase Promotional Gifts and Giveaways for Patrons
- MetLife – Employee Life Insurance, Long & Short Term Disability and Dental Insurance and Premiums
- Pitney Bowes – Lease for Postage Meter System
- Reinhart Institutional Foods – Food Products
- Wellmark Blue Cross Blue Shield – Employee Medical Benefits and Related Insurance Premiums

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by WRC. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg (WRE). Amy Rubel, General Manager, presented the following contracts for Commission approval:

- Wellmark Blue Cross Blue Shield – Employee Medical Benefits and Related Premiums
- Reinhart Food Service – Food Products
- Pepsi Co. – Soda for Casino and Restaurants
- MetLife SBC – Employee Life, Long & Short Term Disability, & Dental Insurance and Premiums
- Johnson Brothers – Alcoholic Products for Casino and Restaurant
- Imagine This – Purchase of Promotional Gifts and Giveaways for Patrons
- Holmes Murphy – Insurance Provider and Broker
- Doll Distributing – Beverages and Beverage Products for Casino and Restaurant
- Accident Fund Insurance Co. – Workman's Compensation via Holmes Murphy

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by WRE. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Riverside Casino and Golf Resort, LLC (RCGR). Dan Franz, General Manager, presented the following contracts for Commission approval:

- U.S. Foods – Food Purchases
- Wired Productions – 16<sup>th</sup> Ave Music – Entertainment Expenses
- Trane U.S. Inc. – Compressor Renewal Service

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by RCGR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Rhythm City Casino, LLC (Rhythm City). Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Cintas Corporation – Employee Uniforms
- CSI, LLC (Computer Service Innovations) – Purchase of Low Voltage Cabling Products, Coax Products, Fiber Products and Accessories
- Dodd Construction – Construction Projects
- Grand Falls Casino & Resort – Support Services: Internal Audit; Regulatory Compliance; and Information Technology Services (RP)
- King Food Service – Food Purchases
- Loffredo Fresh Produce – Food and Produce Purchases

- Oracle Hospitality – Gaming – Hotel Property Management System
- Riverside Casino & Golf Resort, LLC – Support Services: Internal Audit; Regulatory Compliance; and Information Technology Services (RP)
- SupplyWorks – Environmental Services Supplies

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Rhythm City. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Ms. Ballenger presented the following contracts for Commission approval:

- Atlantic Coca-Cola Bottling Company – Coca-Cola Product Vendor
- CDW Direct – Purchase of Computer Equipment and Supplies
- Dell Marketing LP – Purchase Computers, Computer Equipment and Supplies
- Ecolab – Purchase Dishwashing Equipment and Supplies
- Edward Don – Purchase Restaurant Equipment and Supplies
- Global Payments VIP Preferred – Check Cashing Guarantee Service
- Greenwood Cleaning Systems – Purchase Cleaning Supplies
- iWireless Center – Purchase Event Tickets, Luxury Box and Sponsorships
- King Food Service – Food Vendor
- Kone Inc. – Purchase Elevator and Escalator Maintenance Contracts and Service/Parts
- Neesvig's Inc. – Purchase Certified Angus Beef
- Reinhart Institutional Foods – Purchase Food and Non-Food Restaurant Products
- Stanley Consultants – Design and Contracting Services for Build of Jetty Park
- Staples Contract and Commercial – Purchase Office Supplies
- Treiber Construction – Provides General Construction and Concrete Repairs
- Tri-City Electric – Capital Project to Enhance Cell Phone Coverage/Strength inside Casino
- Wells Fargo Bank – Provides Company Credit Cards

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by IOCB. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on IOC Black Hawk County, Inc. d/b/a Isle Casino & Hotel at Waterloo (IOCW). Todd Conley, General Manager, presented the following contracts for Commission approval:

- Standard Textile – Linens and Textile for Hotel and Casino
- Covenant Medical Center – Team Member Health Clinic
- Shyewest, Inc. d/b/a Imagine This – Marketing Promotional Items
- Wells Fargo – WellsOne Commercial Card – Corporate Credit Card Service
- Reinhart Food Service – Food, Beverage, Food Service Equipment



- Myers-Cox Company – Cigarette Vendor
- Lamar Advertising Company – Outdoor Advertising Signs
- King Food Service – Seafood Supplier for Food Outlets
- Hy-Vee – Liquor, Flowers, Food, Etc.
- Fahr Beverage – Budweiser Dealer and Other Beverage Products
- Coca Cola Bottling Company – Beverage Vendor
- Bangarang Ent., LLC d/b/a Gander Group – Marketing Promotional Items
- Aramark Uniform Services – Laundering Service

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by IOCW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, presented the following contracts for Commission approval:

- Landau, Inc. – Retail Sale of Jewelry, Handbags, Scarves
- Straka Johnson Architects, PC – Architectural Services

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by DJ. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa Greyhound Association. Brian Carpenter, Director of Racing and General Manager of Iowa Greyhound Park, and Matt Kingdon, with Goldfinch Entertainment, requested the Commission's approval of the Simulcast Wagering Agreement between the Iowa Greyhound Association and Wild Rose Clinton, LLC.

Hearing no comments or questions concerning the agreement, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the agreement between the Iowa Greyhound Association and Wild Rose Clinton, LLC conditioned upon staff's approval of the operating plan, to include, but not limited to; the tote system, simulcast contracts, reporting capabilities, wagering area, and licensing of employees. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa West Racing Association (IWRA) regarding their application to renew the pari-mutuel and racetrack enclosure gambling licenses for Horseshoe Casino/Bluffs Run Greyhound Park from January 1, 2017 through December 31, 2017. Pete Tulipana, Executive Director, stated the relationship between the two organizations remains strong. He noted there are frequent meetings and Horseshoe representatives are always candid and available to them. Mr. Tulipana stated the license fees provided to IWRA help fund grants throughout southwest Iowa. He indicated the impact of Horseshoe is critical to the area not only through the grants, but also as one of the area's largest employers. Mr. Tulipana stated IWRA and Horseshoe are excited about a \$39 million development project underway near Horseshoe that

will draw additional visitors to the area. Field House USA, an event and elite recreation facility that has generated more than \$15 million in annual revenue at some of their other locations, is set to open on December 1<sup>st</sup>. Another example of how the area benefits is the Blink free wi fi network in connection with the city of Council Bluffs and the Omaha Public School District. When the project is completed over the next five years, the Blink coverage area will cover more than 120 square miles providing wi fi access to more than 40,000 people. It would be the largest free outdoor network in the country. Mr. Tulipana requested approval of the licenses. He introduced Bo Guidry, General Manager of Horseshoe Casino/Bluffs Run Greyhound Park.

Mr. Guidry concurred with Mr. Tulipana's comments concerning the relationship between the two organizations, and sees it continuing for many years. He requested approval of the license renewal application.

Hearing no comments or questions concerning the license renewal application, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the application for a pari-mutuel license, simulcast dates and racetrack enclosure gambling license for the period of January 1, 2017 through December 31, 2017, contingent upon the following conditions being met:

- Once simulcasting begins, the import and export contracts should continue to have the review and approval by staff to insure regulatory compliance; and
- Staff approval of the simulcast operating plan prior to conducting simulcasting.

Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Guidry presented the following contracts for Commission approval:

- Harrah's Iowa Arena Management, LLC – Management of Mid America Center (RP)
- Caesar's Entertainment Operating Company – Inter-Company Allocations and Benefit Expenses (RP)

Hearing no comments or questions regarding the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Horseshoe Casino/Bluffs Run Greyhound Park. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa Greyhound Association regarding their application to renew the pari-mutuel license for Iowa Greyhound Park and request for race dates for the period of January 1, 2017 through December 31, 2017. Mr. Carpenter indicated this would be the third year of racing under the Iowa Greyhound Association, and handle has been going up.

Commissioner Lamberti asked if there were significant changes to the proposed races dates for 2017 or if they were the same as 2016. Mr. Carpenter advised the dates were the same as last year; but are different than when Mystique ran the racing operation. He indicated handle is \$1 million ahead of last year.

Commissioner Lamberti moved to approve the application for the pari-mutuel license and the granting of race dates from January 1, 2017 through December 31, 2017 with the following conditions:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance, and
- Continuous review of racetrack maintenance and monitoring of injuries in cooperation with IRGC representatives.

Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Carpenter presented the following contracts for Commission approval:

- International Association of Machinists & Aerospace Workers (IAMAW) – 3-Year Mutuel Union Contract
- Earlham Savings Bank – Loan

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by the Iowa Greyhound Association. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C) regarding their application to renew the pari-mutuel license, request race dates, and renew the racetrack enclosure gambling license for the period of January 1, 2017 through December 31, 2017. Gary Palmer, General Manager, and Derron Heldt, Director of Racing, were present to address the matter. Mr. Heldt noted there was a change to the post time on Saturday, October 14<sup>th</sup> from 6:00 PM to 1:00 PM.

Hearing no comments or questions concerning the license renewal application, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the application for the renewal of the pari-mutuel license, granting of race dates with the amendment to the October 14<sup>th</sup> post time, and the renewal of the racetrack enclosure gambling license for the time period of January 1, 2017 through December 31, 2017, subject to the following conditions:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance;
- All marketing promotions that may affect live racing, particularly the racing schedule and post times, shall have **prior approval** from the IRGC; and
- Ongoing updates to staff on track surface safety measures and improvements.

Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Palmer presented the following contracts for Commission approval:

- Agilysys – Accounting/Inventory Control/Recipe Building Software and Support

- Atlantic Bottling Company – Soft Drink Supply Agreement
- Bankers Trust Company – Line of Credit
- Grimes Asphalt and Paving – Asphalt Replacement and Construction (RP)
- Global Spectrum, L.P. – Advertising Agreement – Wells Fargo Arena
- Infomax Office Systems (Canon) – Printing Equipment and Service
- Metro Waste Authority – Waste Disposal
- NV Concepts Inc. (USA Entertainment) – Entertainment Booking Agency
- Poindexter Flooring – Tile and Carpet Flooring
- Protex Central, Inc. – Fire Alarm and Suppression System and Service
- Roberts Communication (Racetrack TV) – Streaming Audio-Video & Digital Archiving Services
- Roberts Communication (Racetrack TV) – Data Communication Services
- Rotellas Italian Bakery – Bread Products
- Saga Communications (Des Moines Radio Group) – Radio Promotions and Advertising
- Shye West (Imagine This) – Promotional Items
- Willis Auto Campus – Vehicles for Giveaway Promotions

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by PMR&C. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the hearings before the Commission and called on Mr. Ohorilko. Mr. Ohorilko advised that Commission staff and Wild Rose Clinton, LLC (WRC) have entered into a Stipulated Agreement for violation of Iowa Code §99F.4 (22) (Self-Exclusion). He stated the individual completed the Iowa Statewide and Lifetime Self-Exclusion form at Rhythm City on October 19, 2013. On or about March 4, 2016, the individual entered WRC and was provided a player's club account and received promotional mailings from the facility, both of which trigger the referral to the Commission. Mr. Ohorilko stated the facility did discover the incident and voluntarily reported it to staff. He advised that WRC acknowledges the above facts constitute a violation of Iowa Code §99F.4 (22) (Self-Exclusion) and have agreed to pay an administrative penalty in an amount between \$3,000 and \$20,000. Mr. Ohorilko stated this is the first violation of this nature in the past 365 days.

Mr. Nauman stated the facility takes this matter very seriously, noting the name of the individual was misspelled when it was originally entered into the system in 2013. The database analyst discovered the error on June 17<sup>th</sup> at which time the violation was reported to the Commission. The guest was advised of the self-exclusion on June 18th when they returned to the facility.

Commissioner Lamberti moved to approve the proposed Stipulated Agreement with an administrative penalty of \$3,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the hearing for HGI-Lakeside, LLC (Lakeside) for a violation of Iowa Code §99F.9(5) (Minor). Mr. Ohorilko noted Commission staff and Lakeside have entered into

a Stipulated Agreement. He advised that on June 10, 2016, an underage male entered the gaming floor unchallenged, gambled at multiple machines and was on the floor for over 30 minutes which would trigger the Commission referral. Mr. Ohorilko stated Lakeside management acknowledges the above facts constitute a violation of Iowa Code §99F.9(5) (Minor), and has agreed to pay an administrative penalty of \$20,000.

Mr. Thursby stated the facility has made several changes to the management staff, have increased staffing levels at the turnstiles during peak periods, and have invested a significant amount of money to make changes to the turnstile operations and purchase new equipment. They have also enlisted individuals that appear to be between the ages of 21-25 to come to the facility and do checks on the security staff unannounced. Mr. Thursby stated the security staff has been retrained and now have monthly refresher courses on IDs and turnstile procedures, and they have added quarterly training for the remainder of the staff on recognizing underage individuals. Mr. Thursby stated they are doing everything they can to prevent minors gaining access to the floor. He advised in the last three instances involving minors, the minors have been aided and abetted by their parents. One physically climbed over barriers to get onto the barge. Mr. Thursby assured the Commission the facility is doing everything possible to insure there is not a reoccurrence of minors on the boat.

Commissioner Lamberti noted the Commission and the industry have seen an increase in the number of incidents in which minors are being aided and abetted by adults. He stated facility staff cannot assume a child is of age just because they are coming with their parents. He suggested the facilities submit ideas that could be proposed to the Legislature to enhance enforcement in terms of the aiding and abetting as current regulations don't seem to be much of a deterrent to the adults.

Commissioner Lamberti moved to approve the proposed Stipulated Agreement with an administrative penalty of \$20,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the hearing for Prairie Meadows Racetrack & Casino, Inc. (PMR&C) for a violation of Iowa Code §99F.9(1) (Wagering on Gambling Games). Mr. Ohorilko advised Commission staff and PMR&C management have entered into a Stipulated Agreement. He stated that on March 20, 2016, staff received information that PMR&C had patrons in the poker room that were conducting gambling on events, contests, and other activities that are not allowed under the Commission's regulations. The investigation revealed this activity had been taking place for quite some time and that members of the staff and supervisors were aware it was taking place. Mr. Ohorilko stated PMR&C acknowledges the facts constitute a violation of Iowa Code §99F.9(1) (Wagering on Gambling Games), and has agreed to pay an administrative penalty in an amount up to \$20,000.

Mr. Palmer stated the facility is aware their license is a privilege and take the matter very seriously. He stated when upper management was made aware of the situation they took immediate action by retraining all of the dealers and requiring them to sign a document acknowledging they are aware of the laws regarding gambling in Iowa and what is allowed in a

poker room. They also added signage prohibiting the activity. Mr. Palmer stated the poker room is being moved from the 4<sup>th</sup> floor down to the 2<sup>nd</sup> floor, which is the main casino floor. They feel the observation and visibility will be better and help to prevent a similar situation in the future. Three of the top individuals in the table games area have been terminated. Mr. Palmer assured the Commission this situation will not happen again.

Chair Arnold stated the Commission appreciates the corrective actions taken by PMR&C, but does feel it should have been caught a little quicker by upper management. He moved to impose a fine of \$10,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the hearing for SCE Partners, LLC for a violation of Iowa Code §99F.9(5) (Minor). Mr. Ohorilko advised SCE Partners/Hard Rock and Commission staff have entered into a Stipulated Agreement. He stated that on May 8, 2016, an underage male entered the gaming floor unchallenged on two occasions, was on the floor in excess of 30 minutes and gambled, which would trigger the Commission referral. Mr. Ohorilko stated Hard Rock acknowledges the above facts constitute a violation of Iowa Code §99F.9(5) (Minor), and has agreed to an administrative penalty of \$20,000.

Mr. Moyer stated the facility has been open over two years and this is the first incident of this nature to occur on the property. He indicated the security team is professional, well-trained, loyal, and proud. He stated that since January 1<sup>st</sup>, security has turned away 3,083 individuals at the turnstiles. The officers involved have been disciplined and every officer has been retrained. Mr. Moyer stated all security staff goes through a rigorous three-week training period before being allowed on the gaming floor alone. He feels the security staff will emerge from this incident a better team.

Commissioner Lamberti moved to approve the proposed Stipulated Agreement and \$20,000 administrative penalty. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Ohorilko moved to the final hearing before the Commission - SCE Partners, LLC (Hard Rock) for a violation of Iowa Code §99F.4 (22) (Self-Exclusion). He advised Commission staff and Hard Rock management had entered into a Stipulated Agreement. The individual signed up for the program at Argosy Casino on April 27, 2013. The individual entered Hard Rock on July 23, 2016 and won a jackpot in the amount of \$1,261. The individual received payment, which triggered the Commission referral. Mr. Ohorilko stated Hard Rock employees did identify the error and self-reported the incident. He advised Hard Rock acknowledges the facts constitute a violation of Iowa Code §99F.4 (22) (Self-Exclusion), and has agreed to an administrative penalty between \$3,000 and \$20,000. He indicated this is the first offense of this nature in the past 365 days.

Mr. Moyer stated he is confident their control procedures are solid. In this instance, a first check should have prevented the payment, but the staff member involved bypassed that step. Mr. Moyer advised the staff member was retrained and received corrective counseling. He stated there is a secondary check that caught the error but not until after the guest had left the cage window. Staff did not wait for the second check to be completed in their zeal to pay out jackpots.

quicker. He stated staff will wait for this procedure to be completed prior to paying out jackpots going forward.

Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$3,000. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the Greyhound Cessation Hardship Claims and called on James Feller. Mr. Feller was represented by Jim Quilty, legal counsel. Mr. Quilty stated he was involved in the legislative process that created the cessation fund and hardship aspect of said fund. He said the goal of the legislation was to soften the pain or help mitigate losses due to the cessation of greyhound racing in Iowa. While the majority of the fund was directed to the breeders, trainers, assistant trainers, kennel owners and adoption agencies; it was also known there would be individuals who fell through the cracks, which lead to the creation of the hardship fund. Mr. Quilty stated Mr. Feller would be one of those individuals if the Commission does not grant him a hardship award. He noted that when the application was submitted in June, in follow-up interviews with staff, and the request for additional information, it appeared to him there was a struggle with the notion that Mr. Feller's loss was related to an investment. Mr. Quilty noted that every single individual compensated under the cessation fund regardless of which aspect is being compensated for an investment loss, either money, time or both. He feels the struggle relates to the fact that Mr. Feller's application involves real estate –a home and kennel compound that was purchased and dedicated for use by those operating at Bluffs Run. He questioned whether this was too passive of an investment to be considered under the hardship fund, but indicated it would be a poor arbitrary distinction for the Commission to draw. Mr. Quilty noted the largest sum will go to individuals who received purse dollars and breeding awards over a set number of years. The list distributed by the Commission contains approximately 430 individuals of which 50 represent Iowa farms and there were only 29 kennels during any given year; therefore, the bulk of the individuals on the list are being compensated for the most passive investment – their investment in dogs they didn't breed, whelp, train or actively raise. Mr. Quilty stated that under the Commission's formula, these passive investors are being compensated to help mitigate their loss at the end of greyhound racing. He stated there is no reason with the way the fund is structured to draw a distinction, particularly since Mr. Feller is both an active and passive investor; he invested money but also invested approximately 1,000 hours of his time over eight years to build up and maintain the property. He distributed a summary providing some of the specifics of Mr. Feller's claim.

Mr. Feller advised the Commission he had an opportunity to purchase a piece of property that was connected to the greyhound racing industry in Council Bluffs, and saw it as an opportunity to create an additional fund for his retirement. He stated any extra money he earned, he tried to invest in real estate. Mr. Feller indicated this particular property represented approximately one third of his retirement account, and had racing continued another eight years he would have realized his goal.

Mr. Quilty summarized the loss by noting that Mr. Feller is 64, and as a result of the closure of Bluffs Run, has lost about one-third of his retirement, which could be categorized a number of different ways. He tried to set out a few different scenarios using formulas used by the

Commission in determining previous awards. Mr. Quilty stated the property was clearly a dog-specific property which Mr. Feller purchased for just over \$180,000 in 2008; he put another \$10,000 into the property and another \$10,000-\$20,000 in sweat equity if he were to be compensated for his time at \$10-\$20 per hour. When Mr. Feller listed the property for sale, he received three offers with the highest offer being over \$28,000 less than what he had in the property and \$20,000 less than he originally paid. Due the greyhound-specific nature of the property went from an asset to an eyesore. Mr. Quilty stated the original request was for a little over \$92,000, but feels the actual loss is approaching \$200,000 depending on how one values the loss. He stated the fact that a loss occurred is not subject to debate.

Commissioner Lamberti asked Mr. Feller if he attempted to rent the property in the time frame after racing ceased and when he decided to sell the property. Mr. Quilty stated the property was rented until the last month of racing at Bluffs Run, or December 2015. Commissioner Lamberti asked if Mr. Feller immediately listed the property for sale or if there was an attempt to lease it to another user. Mr. Feller stated it would not have been for greyhound use, and individuals interested in purchasing the property lost interest due to the dog facilities on the property. The rent he received from greyhound interests was higher than normal rent. He stated he lives 5½ hours away and was not interested in keeping a property that far away that he would have to maintain. He advised he listed the property for sale in December 2015 knowing racing would be done.

Commissioner Lamberti stated that all hardship claims are determined on a case-by-case basis, and agrees to a certain extent that everything is investing – invest in a job, a business, in real estate, etc., but is not sure that is the defining issue as everyone could claim they made an investment. He feels the Commission needs to look deeper into the nature of the investment and the nature of the loss and the cost. Commissioner Lamberti noted that investing in investment real estate is a somewhat inherently risky business; that rental income could have been lost for a variety of reasons not related to the cessation of racing at Bluffs Run. He feels that is significantly different from a person who lost their business or employment as a direct consequence of the cessation of racing at Bluffs Run. Commissioner Lamberti stated there is a difference and that it is inherently a risky business that somewhat has to be assumed by the individual who chooses to make that investment. Commissioner Lamberti moved to deny the claim. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Daniel Zenner. Mr. Zenner stated he owned and operated a greyhound farm in Dubuque, Iowa. He stated since racing ceased in Council Bluffs, his boarding business has disappeared. He is working toward owning a litter but does not foresee his boarding business making a comeback. He stated he has tried to find individuals interested in boarding their dogs, but has been unable to do so.

Commissioner Lamberti stated it was his understanding that Mr. Zenner received approximately \$5,000 per year in boarding fees. Mr. Zenner indicated that was correct. He noted his boarding business was growing with the exception of the last year. Mr. Zenner stated one of his boarders advised him that if Bluffs Run closed, he was done.



Hearing no further comments or questions for Mr. Zenner, Chair Arnold requested a motion. Commissioner Lamberti noted each case is decided on its own merits. He stated the claim referenced legal and zoning issues, but is not considering them as a part of the claim as he does not feel they were related to the cessation of racing. Commissioner Lamberti noted Mr. Zenner resides in Dubuque County, and some might question how he is impacted by the cessation of racing at Bluffs Run. Commissioner Lamberti stated Mr. Zenner was impacted due to the contraction of the industry, regardless of his location. He feels the loss of the boarding income was a direct result of the cessation of racing at Bluffs Run. After reviewing the income and the other cases, Commissioner Lamberti reiterated his belief that Mr. Zenner had been impacted by the cessation of racing at Bluffs Run, and moved to approve the hardship claim in the amount of \$15,000. Commissioner Heinrich seconded the motion, which carried unanimously.

As there was no Public Comment, Chair Arnold moved to Administrative Business. Mr. Ohorilko advised the proposed legislation before them is legislation that staff is proposing to submit for the 2017 legislative session. The first three sections are changes related to the national uniform medication program, and the last section provides for Advanced Deposit Wagering (ADW) companies to have access to the debt offset database as the current law does not permit them access to comply with that section. Mr. Ohorilko stated all four pieces have been discussed at length with the racing stakeholders and they support the proposed changes. He requested the Commission's approval or support to move forward with the process.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve and support the proposed legislation moving forward. Commissioner Kramer seconded the motion, which carried unanimously.

As there was no further business to come before the Commission, Chair Arnold requested a motion to adjourn. Commissioner Kramer so moved. Commissioner Lamberti seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

---

JULIE D. HERRICK